

TOWN OF GUEYDAN, LOUISIANA
Financial Statements
Year Ended December 31, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable Chris Theriot, Mayor,
and Members of the Board of Aldermen
Town of Gueydan, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 37 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Gueydan has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Gueydan, Louisiana's basic financial statements. The other supplementary information on pages 44 through 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2015 on our consideration of the Town of Gueydan, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gueydan, Louisiana's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
May 7, 2015

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF GUEYDAN, LOUISIANA

Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 1,547,197	\$ 1,293,682	\$ 2,840,879
Receivables, net	-	181,524	181,524
Other receivables	8,220	38,912	47,132
Due from other governmental units	45,902	-	45,902
Prepaid expense	-	2,358	2,358
Restricted assets -			
Interest bearing deposits	-	27,323	27,323
Capital assets, net	<u>9,170,875</u>	<u>3,171,461</u>	<u>12,342,336</u>
Total assets	<u>10,772,194</u>	<u>4,715,260</u>	<u>15,487,454</u>
LIABILITIES			
Accounts and other payables	31,183	93,746	124,929
Accrued interest payable	2,576	-	2,576
Customers' deposits	-	27,323	27,323
Long-term liabilities			
Due within one year	11,162	10,378	21,540
Due in more than one year	<u>37,523</u>	<u>44,262</u>	<u>81,785</u>
Total liabilities	<u>82,444</u>	<u>175,709</u>	<u>258,153</u>
NET POSITION			
Net investment in capital assets	9,122,190	3,116,821	12,239,011
Restricted	1,255,092	-	1,255,092
Unrestricted	<u>312,468</u>	<u>1,422,730</u>	<u>1,735,198</u>
Total net position	<u>\$ 10,689,750</u>	<u>\$ 4,539,551</u>	<u>\$ 15,229,301</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2014

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 262,906	\$ 77,736	\$ -	\$ 2,365	\$ (182,805)	\$ -	\$ (182,805)
Public safety	618,181	30,727	61,363	-	(526,091)	-	(526,091)
Public works	555,806	-	-	200,650	(355,156)	-	(355,156)
Culture and recreation	36,297	16,235	-	-	(20,062)	-	(20,062)
Total governmental activities	1,473,190	124,698	61,363	203,015	(1,084,114)	-	(1,084,114)
Business-type activities:							
Electricity	1,207,973	1,853,004	-	-	-	645,031	645,031
Gas	252,390	379,348	-	-	-	126,958	126,958
Water	205,547	130,924	-	-	-	(74,623)	(74,623)
Sewer	229,063	95,928	-	-	-	(133,135)	(133,135)
Total business-type activities	1,894,973	2,459,204	-	-	-	564,231	564,231
Total	\$ 3,368,163	\$ 2,583,902	\$ 61,363	\$ 203,015	(1,084,114)	564,231	(519,883)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					21,499	-	21,499
Sales and use taxes, levied for general purposes					198,018	-	198,018
Beer taxes					1,926	-	1,926
Interest and investment earnings					4,486	1,810	6,296
Miscellaneous					41,526	-	41,526
Transfers					886,599	(886,599)	-
Total general revenues and transfers					1,154,054	(884,789)	269,265
Change in net position					69,940	(320,558)	(250,618)
Net position - January 01, 2014					10,619,810	4,860,109	15,479,919
Net position - December 31, 2014					\$ 10,689,750	\$ 4,539,551	\$ 15,229,301

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Sales Tax Special Revenue Fund

To account for the receipt and use of proceeds of the Town's one percent sales and use tax. These taxes are dedicated to the following purposes: constructing, acquiring, extending, and improving the natural gas, waterworks, and sewer systems; and paying principal and interest on bonded or funded indebtedness, paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

Enterprise Fund

Utility Fund -

To account for the provision of light, gas, water, and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service, and billing and collection.

TOWN OF GUEYDAN, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2014

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash	\$ 252,598	\$ 277,791	\$ 17,418	\$ 547,807
Interest-bearing deposits	80,981	918,409	-	999,390
Receivables:				
Ad valorem tax	7,532	-	-	7,532
Accrued interest	164	524	-	688
Due from other governmental units	<u>4,952</u>	<u>40,950</u>	<u>-</u>	<u>45,902</u>
Total assets	<u>\$ 346,227</u>	<u>\$ 1,237,674</u>	<u>\$ 17,418</u>	<u>\$ 1,601,319</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,744	\$ -	\$ -	\$ 4,744
Accrued expenses	<u>26,439</u>	<u>-</u>	<u>-</u>	<u>26,439</u>
Total liabilities	<u>31,183</u>	<u>-</u>	<u>-</u>	<u>31,183</u>
Fund balances:				
Restricted	-	1,237,674	17,418	1,255,092
Unassigned	<u>315,044</u>	<u>-</u>	<u>-</u>	<u>315,044</u>
Total fund balances	<u>315,044</u>	<u>1,237,674</u>	<u>17,418</u>	<u>1,570,136</u>
Total liabilities and fund balances	<u>\$ 346,227</u>	<u>\$ 1,237,674</u>	<u>\$ 17,418</u>	<u>\$ 1,601,319</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2014

Total fund balances for governmental funds at December 31, 2014		\$ 1,570,136
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 26,950	
Buildings, net of \$262,860 accumulated depreciation	507,348	
Infrastructure, net of \$4,336,970 accumulated depreciation	7,979,701	
Equipment, furniture, and fixtures, net of \$763,064 accumulated depreciation	203,843	
Improvements other than buildings, net of \$758,660 accumulated depreciation	<u>453,033</u>	9,170,875
Long-term liabilities at December 31, 2014:		
Capital lease payable		(48,685)
Accrued interest on capital lease		<u>(2,576)</u>
Total net position of governmental activities at December 31, 2014		<u>\$ 10,689,750</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

For the Year Ended December 31, 2014

	General	Sales Tax Special Revenue	Other Governmental Funds	Total
	<u>General</u>	<u>Revenue</u>	<u>Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 21,499	\$ 198,018	\$ -	\$ 219,517
Licenses and permits	71,603	-	-	71,603
Intergovernmental	266,304	-	-	266,304
Charges for services	3,440	-	-	3,440
Fines and forfeiture	14,043	-	-	14,043
Interest	499	3,987	-	4,486
Other	77,138	-	-	77,138
Total revenues	<u>454,526</u>	<u>202,005</u>	<u>-</u>	<u>656,531</u>
Expenditures:				
Current -				
General government	232,208	16,427	-	248,635
Public safety	574,484	-	-	574,484
Public works	292,588	-	-	292,588
Culture and recreation	36,297	-	-	36,297
Capital outlays	255,422	39,152	-	294,574
Debt service:				
Principal	10,550	-	-	10,550
Interest	3,436	-	-	3,436
Total expenditures	<u>1,404,985</u>	<u>55,579</u>	<u>-</u>	<u>1,460,564</u>
Deficiency of revenues over expenditures	<u>(950,459)</u>	<u>146,426</u>	<u>-</u>	<u>(804,033)</u>
Other financing sources (uses):				
Transfers in	919,268	-	-	919,268
Transfers out	<u>-</u>	<u>(13,401)</u>	<u>(19,268)</u>	<u>(32,669)</u>
Total other financing sources (uses)	<u>919,268</u>	<u>(13,401)</u>	<u>(19,268)</u>	<u>886,599</u>
Net changes in fund balances	(31,191)	133,025	(19,268)	82,566
Fund balances, beginning	<u>346,235</u>	<u>1,104,649</u>	<u>36,686</u>	<u>1,487,570</u>
Fund balances, ending	<u>\$ 315,044</u>	<u>\$ 1,237,674</u>	<u>\$ 17,418</u>	<u>\$ 1,570,136</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2014

Total net changes in fund balances at December 31, 2014 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 82,566
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 294,574
Depreciation expense for the year ended December 31, 2014	<u>(318,309)</u> (23,735)
Governmental funds report debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the payable balance on the Statement of Net Position	10,550
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>559</u>
Total changes in net position at December 31, 2014 per Statement of Activities	<u>\$ 69,940</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Net Position
December 31, 2014

ASSETS

Current assets:

Cash	\$ 465,865
Interest-bearing deposits	827,817
Accounts receivable, net of allowance	181,524
Unbilled utility receivables	38,559
Accrued interest receivable	353
Prepaid expense	<u>2,358</u>
Total current assets	<u>1,516,476</u>

Noncurrent assets:

Restricted assets -	
Interest-bearing deposits	27,323
Capital assets, net of accumulated depreciation	<u>3,171,461</u>
Total noncurrent assets	<u>3,198,784</u>
Total assets	<u>4,715,260</u>

LIABILITIES

Current liabilities:

Accounts payable	89,928
Accrued expenses	3,779
Capital lease payable	10,378
Other payable	<u>39</u>
Total current liabilities	<u>104,124</u>

Noncurrent liabilities:

Customers' deposits	27,323
Capital lease payable	<u>44,262</u>
Total noncurrent liabilities	<u>71,585</u>
Total liabilities	<u>175,709</u>

NET POSITION

Net investment in capital assets	3,116,821
Unrestricted	<u>1,422,730</u>
Total net position	<u>\$ 4,539,551</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2014

Operating revenues:	
Charges for services	\$ 2,428,808
Miscellaneous	<u>30,396</u>
Total operating revenues	<u>2,459,204</u>
Operating expenses:	
Electric department expenses	1,181,775
Gas department expenses	211,327
Water department expenses	97,196
Sewerage department expenses	133,928
Depreciation	<u>270,747</u>
Total operating expenses	<u>1,894,973</u>
Operating income	564,231
Nonoperating revenues/expenses:	
Interest income	<u>1,810</u>
Income before transfers	<u>566,041</u>
Transfers in (out):	
Transfers in	13,401
Transfers out	<u>(900,000)</u>
Total transfers in (out)	<u>(886,599)</u>
Change in net position	(320,558)
Net position, beginning	<u>4,860,109</u>
Net position, ending	<u>\$ 4,539,551</u>

The accompanying notes are an integral part of the basic statement.

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2014

Cash flows from operating activities:	
Receipts from customers	\$ 2,473,066
Payments to suppliers	(1,540,095)
Payments to employees	(119,496)
Other receipts	<u>30,396</u>
Net cash provided by operating activities	<u>843,871</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	13,401
Transfers to other funds	<u>(900,000)</u>
Net cash used by noncapital financing activities	<u>(886,599)</u>
Cash flows from capital and related financing activities:	
Net meter deposits	257
Proceeds from capital lease	54,640
Acquisition of capital assets	<u>(72,301)</u>
Net cash used by capital and related financing activities	<u>(17,404)</u>
Cash flows from investing activities:	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	430,747
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(431,509)
Interest on deposits	<u>1,811</u>
Net cash provided by investing activities	<u>1,049</u>
Net decrease in cash and cash equivalents	(59,083)
Cash and cash equivalents, beginning of period	<u>948,579</u>
Cash and cash equivalents, end of period	<u>\$ 889,496</u>

(continued)

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund (continued)
For the Year Ended December 31, 2014

Cash flows from operating activities:	
Operating income	\$ 564,231
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	270,747
(Increase) decrease in operating assets	
Accounts receivable	41,858
Unbilled utilities receivable	2,400
Increase (decrease) in operating liabilities	
Accounts payable	(15,700)
Accrued expenses	3,779
Other payable	<u>(23,444)</u>
Net cash provided by operating activities	<u>\$ 843,871</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash- unrestricted	460,044
Interest-bearing deposits, unrestricted	892,216
Interest-bearing deposits, restricted	27,066
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(430,747)</u>
Total cash and cash equivalents	<u>948,579</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, end of period -	
Cash- unrestricted	465,865
Interest-bearing deposits, unrestricted	827,817
Interest-bearing deposits, restricted	27,323
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(431,509)</u>
Total cash and cash equivalents	<u>889,496</u>
Net decrease	<u>\$ (59,083)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Gueydan (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsection of this note.

A. Financial Reporting Entity

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town of Gueydan has no such component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Town of Gueydan, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Town are described below:

Governmental Funds -

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Sales Tax Special Revenue Fund accounts for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Additionally, the Town reports the following fund types:

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Proprietary Funds -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund. The Town's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

their measure of available spendable financial resources at the end of the period.

- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town’s taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town’s general revenues.

Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased. See Note (2) for additional disclosures.

Investments

Under state law the Town may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2014, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customers' utility receivables at December 31, 2014 and 2013 was \$17,728 and \$16,409, respectively. Unbilled utility service receivables resulting from utility

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	25-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Sick and vacation leave is awarded on a calendar year basis and cannot be carried over to the next year; therefore, no liability for compensated absences is recorded in the financial statements.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of capital lease payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has no deferred outflows of resources.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has no deferred inflows of resources.

Equity Classifications

In the government-wide statements, net position is displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance as follows. Proprietary fund equity is classified the same as in the government-wide statements.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board of Aldermen is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by board members.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only board members may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

As of December 31, 2014, fund balances are composed of the following:

	General	Sales Tax Special Revenue	Nonmajor Funds	Total Governmental Funds
Restricted:				
Other purposes	\$ -	\$ 1,237,674	\$ 17,418	\$ 1,255,092
Unassigned	<u>315,044</u>	<u>-</u>	<u>-</u>	<u>315,044</u>
Total fund balances	<u>\$ 315,044</u>	<u>\$ 1,237,674</u>	<u>\$ 17,418</u>	<u>\$ 1,570,136</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members or the finance committee has provided otherwise in its commitment or assignment actions.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 4

The Town uses unrestricted resources only when restricted resources are fully depleted.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2014, the Town has cash and interest-bearing deposits (book balances) as follows:

Demand deposits	\$ 1,414,657
Savings and certificates of deposit	<u>1,453,545</u>
Total	<u>\$ 2,868,202</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2014, are as follows:

Bank balances	<u>\$ 2,880,821</u>
At December 31, 2014 the deposits are secured as follows:	
Federal deposit insurance	578,400
Uninsured and collateral held by the pledging bank, not in the Town's name	<u>2,302,421</u>
Total	<u>\$ 2,880,821</u>

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town on December 1 and are due by February 28. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended December 31, 2014, taxes of 4.22 mills were levied on property with assessed valuations totaling \$4,914,227 and were dedicated for general purposes.

Total taxes levied were \$20,738. Taxes receivable at December 31, 2014 were \$7,532.

(4) Dedication of Proceeds and Flow of Funds - 1 Percent Sales and Use Tax

A one percent sales and use tax levied by the Town (2014 collections \$198,018; 2013 collections \$193,119) is dedicated to the following purposes:

Fifty percent of the net proceeds can be used for constructing, acquiring, improving and maintaining the Town's natural gas, waterworks and sewer systems, or for any one or more of said purposes, including payment of principal and interest on any bonded or funded indebtedness of the Town incurred for any of said purposes; and the town shall be further authorized to fund the proceeds of the tax into bonds from time to time for any one or more of the aforesaid purposes. Fifty percent of the net proceeds can be used for paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(5) Receivables

Receivables at December 31, 2014 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$181,524	\$ 181,524
Unbilled utility	-	-	38,559	38,559
Taxes:				
Ad valorem	7,532	-	-	7,532
Interest	<u>164</u>	<u>524</u>	<u>353</u>	<u>1,041</u>
Totals	<u>\$ 7,696</u>	<u>\$ 524</u>	<u>\$220,436</u>	<u>\$ 228,656</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units consisted of the following at December 31, 2014:

Amount due from the Vermilion Parish School Board for incorporated sales taxes for the month of December, 2014.	\$ 40,950
Amount due from the Vermilion Parish School Board for providing a resource officer on school grounds for the months of October - December 2014.	3,667
Amount due from the State of Louisiana for highway maintenance projects for the fiscal year ending December 31, 2014.	<u>1,285</u>
Total	<u>\$ 45,902</u>

(7) Restricted Assets - Proprietary Fund Type (Enterprise Utility Fund)

At December 31, 2014, restricted assets consisted of customers' deposits totaling \$27,323.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(8) Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance 01/01/14	Additions	Deletions	Balance 12/31/14
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 26,950	\$ -	\$ -	\$ 26,950
Construction in progress	-	-	-	-
Other capital assets:				
Buildings	770,208	69,420	-	839,628
Infrastructure	12,115,028	201,643	-	12,316,671
Equipment, furniture and fixtures	943,396	23,511	-	966,907
Improvements other than buildings	1,142,273	-	-	1,142,273
Totals	<u>14,997,855</u>	<u>294,574</u>	<u>-</u>	<u>15,292,429</u>
Less accumulated depreciation				
Buildings	241,273	21,587	-	262,860
Infrastructure	4,127,272	209,698	-	4,336,970
Equipment, furniture and fixtures	705,066	57,998	-	763,064
Improvements other than buildings	729,634	29,026	-	758,660
Total accumulated depreciation	<u>5,803,245</u>	<u>318,309</u>	<u>-</u>	<u>6,121,554</u>
Governmental activities, capital assets, net	<u>\$ 9,194,610</u>	<u>\$ (23,735)</u>	<u>\$ -</u>	<u>\$ 9,170,875</u>
Business-type activities:				
Capital assets being depreciated				
Electric system	\$ 1,552,613	\$ 13,401	\$ -	\$ 1,566,014
Gas system	1,565,856	4,260	-	1,570,116
Water system	3,576,576	-	-	3,576,576
Sewer system	3,464,929	54,640	-	3,519,569
Totals	<u>10,159,974</u>	<u>72,301</u>	<u>-</u>	<u>10,232,275</u>
Less accumulated depreciation				
Electric system	1,488,221	26,198	-	1,514,419
Gas system	957,860	41,063	-	998,923
Water system	1,896,057	108,351	-	2,004,408
Sewer system	2,447,929	95,135	-	2,543,064
Total accumulated depreciation	<u>6,790,067</u>	<u>270,747</u>	<u>-</u>	<u>7,060,814</u>
Business-type activities, capital assets, net	<u>\$ 3,369,907</u>	<u>\$ (198,446)</u>	<u>\$ -</u>	<u>\$ 3,171,461</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Depreciation expense was charged to governmental activities as follows:

General government	\$ 14,271
Public safety	40,820
Public works	<u>263,218</u>
Total depreciation expense	<u>\$318,309</u>

Depreciation expense was charged to business-type activities as follows:

Electric	\$ 26,198
Gas	41,063
Water	108,351
Sewer	<u>95,135</u>
Total depreciation expense	<u>\$270,747</u>

(9) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2014:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 4,744	\$ 89,928	\$ 94,672
Other liabilities	<u>26,439</u>	<u>3,818</u>	<u>30,257</u>
Totals	<u>\$ 31,183</u>	<u>\$ 93,746</u>	<u>\$124,929</u>

(10) Changes in Long-Term Debt

The following is a summary of long-term debt for the year ended December 31, 2014:

	Governmental Activities	Business-Type Activities
Long-term debt payable, January 01, 2014	\$ 59,235	\$ -
Additions	-	54,640
Reductions	<u>(10,550)</u>	<u>-</u>
Long-term debt payable, December 31, 2014	<u>\$ 48,685</u>	<u>\$ 54,640</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(11) Capital Lease

The Town is obligated under a capital lease which was used in the acquisition of a fire truck at a cost of \$137,749. The fire truck has been capitalized and current depreciation expense and accumulated depreciation related to the fire truck as of December 31, 2014 is \$9,183 and \$101,016, respectively. In addition, the Town has entered into another capital lease which was used to acquire a pipe hunter trailer. The pipe hunter trailer has been capitalized and current depreciation expense and accumulated depreciation related to the pipe hunter trailer as of December 31, 2014 is \$911 and \$911, respectively. The following is a schedule of future minimum lease payments for the capital leases and the present value of the net minimum lease payments as of December 31, 2014.

Year Ending December 31,	Governmental Activities		Business-Type Activities		Total
	Principal payments	Interest payments	Principal payments	Interest payments	
2015	\$ 11,162	\$ 2,824	\$ 10,378	\$ 1,273	\$ 25,637
2016	11,809	2,176	10,646	1,005	25,636
2017	12,494	1,491	10,921	730	25,636
2018	13,220	767	11,203	448	25,638
2019	-	-	11,492	159	11,651
Totals	<u>\$ 48,685</u>	<u>\$ 7,258</u>	<u>\$ 54,640</u>	<u>\$ 3,615</u>	<u>\$ 114,198</u>

(12) Employee Retirement

Most employees of the Town are participants of the Social Security System. For the year ended December 31, 2014, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the year ended December 31, 2014, amounted to \$51,596. Membership in the Municipal Police Employees' Retirement System (MPERS) is mandatory for any full-time officer meeting the statutory criteria, provided they do not participate in the Social Security System. All but one of the Town employees are participants in the Social Security System. Pertinent information relative to MPERS follows.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

A. Municipal Police Employees' Retirement System

Plan description: The Municipal Police Employees' Retirement System (the System) is a cost-sharing multiple-employer public employee retirement system (PERS).

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 50 with at least 20 years of creditable service, or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3% of their average final compensation multiplied by the employee's years of creditable service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by State statute.

The Municipal Police Employees' Retirement System issues a publicly available report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana 70809-7017.

Funding policy: Plan members are required to contribute between 7.5% and 8.0% of their annual covered salary dependent upon earnable compensation and the Town is required to contribute between 33.0% and 33.5% of annual covered salary dependent upon earnable compensation as established by State statute. The Town's contributions to the System for the years ending December 31, 2014 and 2013 were \$13,156 and \$3,047, equal to the required contributions for the year.

(13) Commitments and Contingencies

Litigation

At December 31, 2014, there is no pending litigation against the Town of Gueydan.

(14) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(15) Interfund Transfers

Transfers consisted of the following at December 31, 2014:

	Transfers In	Transfers Out
Major governmental funds:		
General Fund	\$ 919,268	\$ -
Sales Tax Special Revenue Fund	-	13,401
Total major governmental funds	919,268	13,401
Other governmental funds	-	19,268
Total governmental funds	919,268	32,669
Proprietary fund:		
Enterprise Fund	13,401	900,000
Total	\$ 932,669	\$ 932,669

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(16) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor David Dupuis for the year ended December 31, 2014 follows:

Purpose	Amount
Salary	\$ 12,000

(17) Compensation of Town Officials

A detail of compensation paid to the Board of Aldermen for the year ended December 31, 2014, follows:

Gale Smith	\$ 3,000
Jude Reese	3,000
Scott Vallo	3,000
Claudette Price	3,000
Marilyn Campbell	3,000
	<u>\$ 15,000</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(18) On-behalf Payments

The Town has recognized \$34,433 as revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

(19) New Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard. The provisions of GASB Statement No. 68 must be implemented by the Town for the year ending December 31, 2015. The effect of implementation on the Town's financial statements has not yet been determined.

(20) Subsequent Events

The Town evaluated subsequent events through May 7, 2015, the date which the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 15,500	\$ 11,500	\$ 21,499	\$ 9,999
Licenses and permits	68,000	78,000	71,603	(6,397)
Intergovernmental	34,000	27,800	266,304	238,504
Charges for services	-	4,100	3,440	(660)
Fines and forfeitures	10,000	12,177	14,043	1,866
Interest	500	300	499	199
Other	78,915	50,119	77,138	27,019
Total revenues	<u>206,915</u>	<u>183,996</u>	<u>454,526</u>	<u>270,530</u>
Expenditures:				
Current -				
General government	225,450	229,054	232,208	(3,154)
Public safety	470,476	528,952	574,484	(45,532)
Public works	275,545	282,645	292,588	(9,943)
Culture and recreation	31,700	41,100	36,297	4,803
Capital outlays	-	453,500	255,422	198,078
Debt service:				
Principal	10,000	10,550	10,550	-
Interest	4,015	3,436	3,436	-
Total expenditures	<u>1,017,186</u>	<u>1,549,237</u>	<u>1,404,985</u>	<u>144,252</u>
Deficiency of revenues over expenditures	(810,271)	(1,365,241)	(950,459)	414,782
Other financing sources:				
Transfers in	<u>972,905</u>	<u>992,173</u>	<u>919,268</u>	<u>(72,905)</u>
Net change in fund balance	162,634	(373,068)	(31,191)	341,877
Fund balance, beginning	<u>346,235</u>	<u>346,235</u>	<u>346,235</u>	<u>-</u>
Fund balance, ending	<u>\$ 508,869</u>	<u>\$ (26,833)</u>	<u>\$ 315,044</u>	<u>\$ 341,877</u>

TOWN OF GUEYDAN, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 200,000	\$ 200,000	\$ 198,018	\$ (1,982)
Interest	<u>8,000</u>	<u>8,000</u>	<u>3,987</u>	<u>(4,013)</u>
Total revenue	<u>208,000</u>	<u>208,000</u>	<u>202,005</u>	<u>(5,995)</u>
Expenditures:				
Current -				
General government	-	-	16,427	(16,427)
Capital outlay	<u>128,192</u>	<u>128,192</u>	<u>39,152</u>	<u>89,040</u>
Total expenditures	<u>128,192</u>	<u>128,192</u>	<u>55,579</u>	<u>72,613</u>
Excess (deficiency) of revenues over expenditures	79,808	79,808	146,426	66,618
Other financing uses:				
Transfers out	<u>(88,905)</u>	<u>(88,905)</u>	<u>(13,401)</u>	<u>75,504</u>
Net change in fund balance	(9,097)	(9,097)	133,025	142,122
Fund balance, beginning	<u>1,104,649</u>	<u>1,104,649</u>	<u>1,104,649</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,095,552</u>	<u>\$ 1,095,552</u>	<u>\$ 1,237,674</u>	<u>\$ 142,122</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Budgetary Comparison Schedule

(1) Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

- (a) The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
- (b) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- (d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- (e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
- (f) All budgetary appropriations lapse at the end of each fiscal year.
- (g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

State Revenue Sharing Fund -

To account for the collection and disbursement of the Town's State Revenue Sharing monies.

Police Department Narcotics Seizure Fund -

To account for the collection and disbursement of the Town's share of proceeds from drug related seizure sales.

Youth Athletic Fund

To account for the collection and disbursement of the Town's share of proceeds from taxes collected by the Vermilion Parish Tourist Commission. Money is to be used to fund recreation programs for youth in Vermilion Parish.

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2014

	State Revenue Sharing Fund	Police Department Narcotics Seizure Fund	Youth Athletic Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ -	\$ 538	\$ 16,880	\$ 17,418
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND BALANCES				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Restricted	-	538	16,880	17,418
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ -	\$ 538	\$ 16,880	\$ 17,418
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2014

	State Revenue Sharing Fund	Police Department Narcotics Seizure Fund	Youth Athletic Fund	Total
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
General Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-	-	-
Other financing uses:				
Transfers out	<u>(7,209)</u>	<u>-</u>	<u>(12,059)</u>	<u>(19,268)</u>
Net changes in fund balances	(7,209)	-	(12,059)	(19,268)
Fund balances, beginning	<u>7,209</u>	<u>538</u>	<u>28,939</u>	<u>36,686</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 538</u>	<u>\$16,880</u>	<u>\$ 17,418</u>

TOWN OF GUEYDAN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2014 and 2013

Records maintained by the Town indicated the following number of customers were being serviced during the month of December 31, 2014 and 2013:

<u>Department</u>	<u>2014</u>	<u>2013</u>
Electricity (metered)	819	851
Gas (metered)	603	617
Water	696	713
Sewerage	689	706

TOWN OF GUEYDAN, LOUISIANA

Enterprise Fund

Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses
Years Ended December 31, 2014 and 2013

	Electricity		Gas		Water		Sewer		Totals	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Operating revenues:										
Charges for services	\$1,830,101	\$1,979,802	\$ 374,659	\$ 300,919	\$ 129,306	\$ 131,759	\$ 94,742	\$ 96,384	\$ 2,428,808	\$ 2,508,864
Other revenues	<u>22,903</u>	<u>21,032</u>	<u>4,689</u>	<u>3,197</u>	<u>1,618</u>	<u>1,400</u>	<u>1,186</u>	<u>1,024</u>	<u>30,396</u>	<u>26,653</u>
Total operating revenues	<u>1,853,004</u>	<u>2,000,834</u>	<u>379,348</u>	<u>304,116</u>	<u>130,924</u>	<u>133,159</u>	<u>95,928</u>	<u>97,408</u>	<u>2,459,204</u>	<u>2,535,517</u>
Operating expenses:										
Salaries - plant	66,849	59,912	-	-	27,001	27,090	-	24,649	93,850	111,651
Fuel purchased	1,031,365	1,116,322	154,740	127,344	-	-	-	-	1,186,105	1,243,666
Insurance	12,433	14,952	2,047	2,433	3,409	3,220	5,658	6,077	23,547	26,682
Insurance - employees	7,425	6,526	-	2,054	7,425	7,137	7,523	7,137	22,373	22,854
Materials and supplies	17,844	14,242	7,167	3,129	8,327	4,064	16,915	13,631	50,253	35,066
Auditing and accounting	2,690	2,500	2,690	2,500	2,690	2,500	2,690	2,500	10,760	10,000
Printing, stationary, and supplies	6,035	5,040	-	-	-	-	-	-	6,035	5,040
Depreciation	26,198	30,470	41,063	41,678	108,351	107,734	95,135	106,579	270,747	286,461
Repairs and maintenance	22,474	10,285	36,354	30,734	12,070	2,002	62,821	29,710	133,719	72,731
Seminars and workshops	-	1,800	-	2,347	-	-	-	255	-	4,402
Utilities	120	50	406	435	24,468	21,735	30,837	29,965	55,831	52,185
Payroll taxes	5,046	4,513	-	-	2,006	2,020	-	1,833	7,052	8,366
Bad debt expense	994	2,960	153	355	70	197	102	239	1,319	3,751
Miscellaneous	<u>8,500</u>	<u>100,873</u>	<u>7,770</u>	<u>6,054</u>	<u>9,730</u>	<u>15,794</u>	<u>7,382</u>	<u>5,054</u>	<u>33,382</u>	<u>127,775</u>
Total operating expenses	<u>1,207,973</u>	<u>1,370,445</u>	<u>252,390</u>	<u>219,063</u>	<u>205,547</u>	<u>193,493</u>	<u>229,063</u>	<u>227,629</u>	<u>1,894,973</u>	<u>2,010,630</u>
Net operating income (loss)	<u>\$ 645,031</u>	<u>\$ 630,389</u>	<u>\$ 126,958</u>	<u>\$ 85,053</u>	<u>\$ (74,623)</u>	<u>\$ (60,334)</u>	<u>\$ (133,135)</u>	<u>\$ (130,221)</u>	<u>\$ 564,231</u>	<u>\$ 524,887</u>

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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Conrad O. Chapman, CPA* 2006

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Chris Theriot, Mayor
and members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town of Gueydan, Louisiana's basic financial statements and have issued our report thereon dated May 7, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Gueydan, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gueydan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gueydan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2014-001 and 2014-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gueydan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Gueydan's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
May 7, 2015

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2014

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2014-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Gueydan did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.07 states:

“An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2014

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Chris Theriot, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

2014-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: The Town of Gueydan does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Chris Theriot, Mayor, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2014

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2013-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Gueydan did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 2014-001.

2013-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Town of Gueydan does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2014-002.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2014

2013-003

Lack of Formal Written Policy and Procedures regarding payroll

CONDITION: The Town of Gueydan did not have a formal written policy or procedure to dictate what is the formal time record of employees.

RECOMMENDATION: Management should develop and adopt a formal written policies and procedures manual regarding payroll procedures. It is recommended that the Town of Gueydan implement a policy stipulating that only one form of time record will be used to pay payroll, and that the time clock implemented is the official time record for all employees and should be used to pay all employees. If there are any variations from the time clock hours there should be a policy for the reporting of the error and there should also be an approval process for any changes for the time clock record.

CURRENT STATUS: Resolved.